

LEGISLATIVE INITIATIVES

Board of Regents' Strategic Initiatives
Spring 2012

LEGISLATIVE INITIATIVE Student Financial Aid & Services

Description:

Increase tuition assistance for Montana residents in order to improve affordability and increase retention and completion rates of lower and moderate income students, as well as provide coordinated services that promote financial literacy and increase default prevention.

Rationale:

- 1) State funded need-based aid in Montana is low
- 2) Student loan debt and the percentage of students borrowing continues to escalate
- 3) Loan amounts and % borrowing in the MUS are higher than the national average
- 4) Low and moderate income students incur higher levels of debt, as well as non-traditional students at 2-year campuses
- 5) Retention and graduation rates are lower for low income students
- 6) Recent increases in default rates are reflective of students' struggles to manage debt
- 7) Borrowers receiving default prevention services from MUS are less likely to default

Details:

Tuition Assistance

- Increase funding for MTAP (MT Tuition Assistance Program – Baker Grants), the MUS's largest state funded need-based aid program (allows campus flexibility to provided aid to middle income students)
- MTAP appropriations total \$1.9M/year and have not seen an increase in over 10 years
- Cost = \$500,000 per year

Financial Literacy

- Develop a coordinated and collaborative approach to financial literacy that enhances and connects existing campus and system efforts
- Assign Student Financial Services the responsibility for coordinating efforts system-wide
- Improve financial literacy material and on-line information, as well as broaden scope to include K-12
- Continue to utilize Affordability Taskforce as system advisory council for financial literacy efforts
- Cost = \$150,000 per year (support positions & literacy material/effort); \$200,000 per year (campus support/best practices); total = \$350,000 year

Default Prevention

- Increase centralized default prevention efforts for students receiving direct federal loans (students under FFELP program are currently served by GLS) – 6 new default prevention positions
- Develop a plan for eventual phase out of default prevention services for students receiving FFELP loans and work to ensure sustainable services for direct loan students
- Cost = \$400,000 per year (support positions, tracking system, research & analysis)

Total = \$1,250,000 per year; \$2.5M (biennium)

MUS Strategic Plan:

Goal #1 Access & Affordability – Objective 1.3.1: *Reduce the unmet student need for financial aid (increase need-based aid)* http://www.mus.edu/data/StratPlan/5_Goal_1_Financial_Aid_2012.pdf

Goal #1 Access & Affordability – Objective 1.3.1: *Decrease average loan amounts and the percentage of students borrowing* http://www.mus.edu/data/StratPlan/6_Goal_1_Affordability_2012_NEW.pdf